

Message Text

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TO AMEMBASSY BONN PRIORITY

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USMISSION BERLIN

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E.O. 11652: N/A

TAGS: ETRN, WB, GW

SUBJECT: PANAM ENTRY INTO BERLIN IT CHARTER MARKET

REFS: (A) BONN 11174; (B) STATE 143920

1. IN CONNECTION WITH PANAM IT CHARTER ACTIVITY, MODERN
AIR TRANSPORT ATTORNEY ROBERT HAUSMAN MADE STRONG
REPRESENTATION TO DEPARTMENT AUGUST 3 ESSENTIALLY ALONG
LINES OF ARGUMENTATION OF MAT VICE PRESIDENT MC GLON
CITED REFTEL A. HAUSMAN ALSO STRESSED IMPORTANCE OF
BERLINER FLUG RING (BFR) CONTRACT TO MAT, BUT WENT BEYOND
MC GLON, TO REQUEST THAT, IN VIEW POTENTIAL CONSEQUENCES
TO MAT, US INTERVENE TO ENJOIN PANAM FROM SOLICITING BFR
BUSINESS. DEPARTMENT REPS CONFINED REPLY TO INDICATION
THAT DEPARTMENT COULD NOT INTERVENE IN COMPETITION BETWEEN
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TWO AMERICAN COMPANIES, BUT IT WAS INTERESTED IN MAIN-

TAINING VIABLE SECOND CARRIER IN BERLIN FOR POLITICAL REASONS, AND THAT PANAM IT CHARTER ACTIVITY UNDER REVIEW IN THIS CONTEXT.

2. IN ACCORDANCE CONSIDERATIONS PARA 3 REFTTEL B, DEPARTMENT CALLED IN SETH PREECE, PANAM VICE PRESIDENT, INTERNATIONAL AND REGULATORY AFFAIRS, AUGUST 6 FOR DISCUSSION POLITICAL ASPECTS OF ISSUE. PREECE WAS TOLD THAT WHILE TRIPARTITE CONCURRENCE OF PANAM ENTRY INDICATES

US AND ALLIED APPRECIATION OF COMMERCIAL REASONS BEHIND STEP-UP IN PANAM INTEREST IN BERLIN IT MARKET, WE WERE CONCERNED THAT PANAM ACTIVITY NOT RESULT IN ULTIMATELY ADVERSE POLITICAL CONSEQUENCES FOR BERLIN. BERLIN AVIATION MATTERS HAVE UNIQUE POLITICAL ASPECTS AND US BELIEVES VIABLE SECOND US CARRIER IN BERLIN IS IMPORTANT SYMBOL OF US BERLIN ROLE. IN ADDITION, US INTERESTED IN CONTINUATION CHARTER OPERATIONS FROM TEGEL IN WHICH MAT IS A MAJOR FACTOR. DEPARTMENT OFFICIALS EMPHASIZED THAT DEPARTMENT'S INTEREST AT THIS POINT WAS NOT TO OUTLINE SPECIFIC LIMITS OF PANAM ACTIVITY IN IT CHARTER FIELD, BUT TO MAKE CLEAR DEPARTMENT'S POLITICAL CONCERNS.

3. PREECE INDICATED THAT HE WOULD BRING POLITICAL CONSIDERATION TO ATTENTION TOP PANAM OFFICIALS BUT EMPHASIZED CURRENT DIFFICULT COMPETITIVE AND FINANCIAL SITUATION FOR PANAM AND NECESSITY EARN MONEY ANY WAY IT CAN. HE INDICATED THAT PANAM INTEREST IN ENTRY IT CHARTER BUSINESS WAS BASED ON PROJECTIONS OF EXCESS CAPACITY RESULTING FROM SCALED DOWN BERLIN IGS SCHEDULED SERVICES. IN RESPONSE TO INQUIRY, HE SAID HE CURRENTLY UNAWARE OF ANY PLAN TO MOVE ADDITIONAL AIRCRAFT INTO BERLIN FOR CHARTER PURPOSES, ALTHOUGH HE WOULD NOT RULE OUT SUCH POSSIBILITY. PREECE ALSO INDICATED THAT PANAM WOULD BE WILLING OPERATE SOME IT CHARTER FLIGHTS OUT OF TEGEL, IF THIS CONSIDERED IMPORTANT TO US. HE INDICATED THAT TOP PANAM OFFICIALS MAY WISH EXPLORE IT CHARTER QUESTION FURTHER WITH DEPARTMENT OFFICIALS.

4. COMMENT: WHILE URGING PANAM RESTRAINT IN ITS EFFORTS LIMITED OFFICIAL USE

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TO OBTAIN CHUNK OF IT CHARTER MARKET, DEPARTMENT CONSIDERS IT PREMATURE, ESPECIALLY GIVEN LACK OF FINANCIAL JUSTIFYING DATA FROM MAT, TO ATTEMPT DEFINE SPECIFIC BERLIN IT CHARTER LIMITS. ACCORDINGLY, IN RESPONSE TO REPEATED PROBING BY PREECE, DEPARTMENT OFFICIALS REFUSED TO BE DRAWN INTO SPECIFICS ON THIS SCORE, AND EMPHASIZED PRESENTATION AT THIS POINT PRIMARILY DESIGNED TO ALERT PANAM TO POLITICAL ASPECTS OF ISSUE. ROGERS

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